

27. **LOSS OF TITLE.** In the event title to any tract of unitized land shall fail and the true owner cannot be induced to join in this unit agreement, such tract shall be automatically regarded as not committed hereto, and there shall be such readjustment of future costs and benefits as may be required on account of the loss of such title. In the event of a dispute as to title to any royalty, working interest, or other interests subject thereto, payment or delivery on account thereof may be withheld without liability for interest until the dispute is finally settled; provided, that, as to Federal lands or leases, no payments of funds due the United States shall be withheld, but such funds shall be deposited as directed by the AO, to be held as unearned money pending final settlement of the title dispute, and then applied as earned or returned in accordance with such final settlement.

Unit Operator as such is relieved from any responsibility for any defect or failure of any title hereunder.

28. **NONJOINER AND SUBSEQUENT JOINER.** If the owner of any substantial interest in a tract within the unit area fails or refuses to subscribe or consent to this agreement, the owner of the working interest in that tract may withdraw the tract from this agreement by written notice delivered to the proper BLM office and the Unit Operator prior to the approval of this agreement by the AO. Any oil or gas interests in lands within the unit area not committed hereto prior to final approval may thereafter be committed hereto by the owner or owners thereof subscribing or consenting to this agreement, and, if the interest is a working interest, by the owner of such interest also subscribing to the unit operating agreement. After operations are commenced hereunder, the right of subsequent joinder, as provided in this section, by a working interest owner is subject to such requirements or approval(s), if any, pertaining to such joinder, as may be provided for in the unit operating agreement. After final approval hereof, joinder by a nonworking interest owner must be consented to in writing by the working interest owner committed hereto and responsible for the payment of any benefits that may accrue hereunder in behalf of such nonworking interest. A nonworking interest may not be committed to this unit agreement unless the corresponding working interest is committed hereto. Joinder to the unit agreement by a working interest owner, at any time, must be accompanied by appropriate joinder to the unit operating agreement, in order for the interest to be regarded as committed to this agreement. Except as may otherwise herein be provided, subsequent joinders to this agreement shall be effective as of the date of the filing with the AO of duly executed counterparts of all or any papers necessary to establish effective

commitment of any interest and/or tract to this agreement.

29. **COUNTERPARTS.** This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument in writing specifically referring hereto and shall be binding upon all those parties who have executed such a counterpart, ratification, or consent hereto with the same force and effect as if all such parties had signed the same document, and regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands within the above-described unit area.

30. **SURRENDER.** Nothing in this agreement shall prohibit the exercise by any working interest owner of the right to surrender vested in such party by any lease, sublease, or operating agreement as to all or any part of the lands covered thereby, provided that each party who will or might acquire such working interest by such surrender or by forfeiture as hereafter set forth, is bound by the terms of this agreement.

If as a result of any such surrender, the working interest rights as to such lands become vested in any party other than the fee owner of the unitized substances, said party may forfeit such rights and further benefits from operations hereunder as to said land to the party next in the chain of title who shall be and become the owner of such working interest.

If as the result of any such surrender or forfeiture working interest rights become vested in the fee owner of the unitized substances, such owner may:

(a) Accept those working interest rights subject to this agreement and the unit operating agreement; or

(b) Lease the portion of such land as is included in a participating area established hereunder subject to this agreement and the unit operating agreement; or

(c) Provide for the independent operation of any part of such land that is not then included within a participating area established hereunder.

If the fee owner of the unitized substances does not accept the working interest rights subject to this agreement and the unit operating agreement or lease such lands as above provided within 6 months after the surrendered or forfeited, working interest rights become vested in the fee owner; the benefits and obligations of operations accruing to such lands under this agreement and the unit operating agreement shall be shared by

⁴Optional sections and subsection. (Agreements submitted for final approval should not identify section or provision as "optional.")

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the remaining owners of unitized working interests in accordance with their respective working interest ownerships, and such owners of working interests shall compensate the fee owner of unitized substances in such lands by paying sums equal to the rentals, minimum royalties, and royalties applicable to such lands under the lease in effect when the lands were unitized.

An appropriate accounting and settlement shall be made for all benefits accruing to or payments and expenditures made or incurred on behalf of such surrendered or forfeited working interests subsequent to the date of surrender or forfeiture, and payment of any moneys found to be owing by such an accounting shall be made as between the parties within 30 days.

The exercise of any right vested in a working interest owner to reassign such working interest to the party from whom obtained shall be subject to the same conditions as set forth in this section in regard to the exercise of a right to surrender.

⁴³¹. **TAXES.** The working interest owners shall render and pay for their account and the account of the royalty owners all valid taxes on or measured by the unitized substances in and under or that may be produced, gathered and sold from the land covered by this agreement after its effective date, or upon the proceeds derived therefrom. The working interest owners on each tract shall and may charge the proper proportion of said taxes to royalty owners having interests in said tract, and may currently retain and deduct a sufficient amount of the unitized substances or derivative products, or net proceeds thereof, from the allocated share of each royalty owner to secure reimbursement for the taxes so paid. No such taxes shall be charged to the United States or the State of ____ or to any lessor who has a contract with his lessee which requires the lessee to pay such taxes.

⁴³². **NO PARTNERSHIP.** It is expressly agreed that the relation of the parties hereto is that of independent contractors and nothing contained in this agreement, expressed or implied, nor any operations conducted hereunder, shall create or be deemed to have created a partnership or association between the parties hereto or any of them.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed and have set opposite their respective names the date of execution.

Unit Operator

Working Interest Owners

Other Interest Owners

General Guidelines

1. Executed agreement to be legally complete.

2. Agreement submitted for approval must contain Exhibit A and B in accordance with models shown in §§3186.1-1 and 3186.1-2 of this title.

3. Consents should be identified (in pencil) by tract numbers as listed in Exhibit B and assembled in that order as far as practical. Unit agreements submitted for approval shall include a list of the overriding royalty interest owners who have executed ratifications of the unit agreement. Subsequent joinders by overriding royalty interest owners shall be submitted in the same manner, except each must include or be accompanied by a statement that the corresponding working interest owner has consented in writing to such joinder. Original ratifications of overriding royalty owners will be kept on file by the Unit Operator or his designated agent.

4. All leases held by option should be noted on Exhibit B with an explanation as to the type of option, i.e., whether for operating rights only, for full leasehold record title, or for certain interests to be earned by performance. In all instances, optionee committing such interests is expected to exercise option promptly.

5. All owners of oil and gas interests must be invited to join the unit agreement, and statement to that effect must accompany executed agreement, together with summary of results of such invitations. A written reason for all interest owners who have not joined shall be furnished by the unit operator.

6. In the event fish and wildlife lands are included, add the following as a separate section:

"Wildlife Stipulation. Nothing in this unit agreement shall modify the special Federal lease stipulations applicable to lands under the jurisdiction of the United States Fish and Wildlife Service."

7. In the event National Forest System lands are included within the unit area, add the following as a separate section:

"Forest Land Stipulation. Notwithstanding any other terms and conditions contained in this agreement, all of the stipulations and conditions of the individual leases between the United States and its lessees or their successors or assigns embracing lands within the unit area included for the protection of lands or functions under the jurisdiction of the Secretary of Agriculture shall remain in full force and effect the same as though this agreement had not been entered into, and no modification thereof is authorized except with the prior consent in writing of the Regional Forester, United States Forest Service, ____."

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8. In the event National Forest System lands within the Jackson Hole Area of Wyoming are included within the unit area, additional "special" stipulations may be required to be included in the unit agreement by the U.S. Forest Service, including the Jackson Hole Special Stipulation.

9. In the event reclamation lands are included, add the following as a new separate section:

"Reclamation Lands. Nothing in this agreement shall modify the special, Federal lease stipulations applicable to lands under the jurisdiction of the Bureau of Reclamation."

10. In the event a powersite is embraced in the proposed unit area, the following section should be added:

"Powersite. Nothing in this agreement shall modify the special, Federal lease stipulations applicable to lands under the jurisdiction of the Federal Energy Regulatory Commission."

11. In the event special surface stipulations have been attached to any of the Federal oil and gas leases to be included, add the following as a separate section:

"Special surface stipulations. Nothing in this agreement shall modify the special Federal lease stipulations attached to the individual Federal oil leases."

12. In the event State lands are included in the proposed unit area, add the appropriate State Lands Section as separate section. (See § 3181.4(a) of this title).

13. In the event restricted Indian lands are involved, consult the AO regarding appro-

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priate requirements under § 3181.4(b) of this title.

CERTIFICATION—DETERMINATION

Pursuant to the authority vested in the Secretary of the Interior, under the Act approved February 25, 1920, 41 Stat. 437, as amended, 30 U.S.C. sec. 181, *et seq.*, and delegated to (the appropriate Name and Title of the authorized officer, BLM) under the authority of 43 CFR part 3180, I do hereby:

A. Approve the attached agreement for the development and operation of the _____, Unit Area, State of _____. This approval shall be invalid *ab initio* if the public interest requirement under § 3183.4(b) of this title is not met.

B. Certify and determine that the unit plan of development and operation contemplated in the attached agreement is necessary and advisable in the public interest for the purpose of more properly conserving the natural resources.

C. Certify and determine that the drilling, producing, rental, minimum royalty, and royalty requirements of all Federal leases committed to said agreement are hereby established altered, changed, or revoked to conform with the terms and conditions of this agreement.

Dated _____.

(Name and Title of authorized officer of the Bureau of Land Management)

[48 FR 26766, June 10, 1983. Redesignated and amended at 48 FR 36587, 36588, Aug. 12, 1983; 53 FR 17365, May 16, 1988; 53 FR 31867, 31959, Aug. 22, 1988; 58 FR 58633, Nov. 2, 1993; 59 FR 16999, Apr. 11, 1994]

§ 3186.1-1 Model Exhibit "A".

Company Name
Exhibit A
Swan Unit Area
Campbell County, Wyoming

R. 59 W.

DEER 6-30-88 16 (7)	FROST 6-30-81 15 (1)	FROST 6-30-81 14 (1)	DOE 5-31-82 13 (8)
78-620	W - 8470	W - 8470	J.C. Smith
FROST 6-30-85 21 (3)	SMITH 5-31-82 22 (9)	FROST 6-30-81 23 (1)	HOLDER 2-28-86 24 (6)
W - 41345	J.J. Cook	W - 8470	W - 53970
FROST 6-30-85 28 (3)	DEER et al. 27 (4)	DEER 12-31-85 26 (5)	HOLDER 2-28-86 (6)
W - 41345	W - 41679	W - 52780	DEER 12-31-85 (5)
DEER et al. 6-30-85 33 (4)	DEER 6-30-82 34 (10)	DEER 7-31-81 35 (2)	DEER 6-30-88 36 (7)
W - 41679	Aben, et al.	W - 9123	78 - 620

T.
54
N.

① Means tract number as listed on Exhibit B



Public Land



State Land



Patented Land

Scale - Generally 2" = 1 mile.

Include acreage for all irregular sections and lots.

§ 3186.1-2 Model Exhibit "B".

SWAN UNIT AREA, CAMPBELL COUNTY, WYOMING

Tract No.	Description of land	No. of acres	Serial No. and expiration date of lease	Basic royalty and ownership percentage	Lessee of record	Overriding royalty and percentage	Working interest and percentage
1	All in the area of T54N-R59W, 6th P.M., Federal Land Sec. 14: All	1,920.00	W-8470, 6-30-81.	U.S.: All	T.J. Cook 100%.	T.J. Cook 2%	Frost Oil Co. 100%.
2	Sec. 15: All Sec. 23: All Sec. 35: All	640.00	W-9123, 7-31-81. W-41345, 6-30-85.	U.S.: All	O.M. Odom 100%.	O.M. Odom 1%.	Deer Oil Co. 100%.
3	Sec. 21: All Sec. 28: All	1,280.00	W-41345, 6-30-85.	U.S.: All	Max Pen 50% Sam Small 50%.	Max Pen 1% .. Sam Small 1%	Frost Oil Co. 100%.
4	Sec. 27: All	1,280.00	W-41679, 6-30-85.	U.S.: All	Al Preen 100%.	Al Preen 2% ..	Deer Oil Co. 50%.
							Doe Oil Co., 30% Able Drilling Co. 20%.
	Sec. 33: All						Deer Oil Co. 50%.
							Doe Oil Co., 30% Able Drilling Co. 20%.
5	Sec. 26: All	961.50	W-52780, 12-31-85.	U.S.: All	Deer Oil Co. 100%.	J.G. Goodin 2%.	Deer Oil Co. 100%.
6	Sec. 25: Lots 3, 4, SW 1/4, W 1/2 SE 1/4. Sec. 24: Lots 1, 2, 3, 4, W 1/2, W 1/2 E 1/2 (All). Sec. 25: Lots 1, 2, NW 1/4, W 1/2 NE 1/4. 6 Federal tracts totalling 7,047.30 acres or 68.76018% of unit area.	965.80	W-53970, 2-28-86.	U.S.: All	T.H. Holder 100%.		T.H. Holder 100%.
7	State Land Sec. 16: All	1,280.60	78620, 6-30-88.	State: All	Deer Oil Co. 100%.	T.T. Timo 2%	Deer Oil Co. 100%.
	Sec. 36: Lots 1, 2, 3, 4, W 1/2, W 1/2 E 1/2 (All). 1 State tract totalling 1,280.60 acres or 12.49476% of unit area.						
8	Patented Land Sec. 13: Lots 1, 2, 3, 4, W 1/2, W 1/2 E 1/2 (All).	641.20	5-31-82	J.C. Smith: 100%.	Doe Oil Co. 100%.		Doe Oil Co. 100%.
9	Sec. 22: All	640.00	5-31-82	T.J. Cook: 100%.	W.W. Smith 100%.	Sam Spade 1%.	W.W. Smith 100%.
10	Sec. 34: All	640.00	6-30-82	A.A. Aben: 75%, L.P. Carr: 25%.	Deer Oil Co. 100%.		Deer Oil Co. 100%.
	3 Patented tracts totalling 1,921.20 acres or 18.74506% of unit area.						
Total: 10 tracts 10,249.10 acres in entire unit area.							

[48 FR 26766, June 10, 1983. Redesignated at 48 FR 36587, Aug. 12, 1983, and amended at 51 FR 34604, Sept. 30, 1986]

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§ 3186.2 Model collective bond.

COLLECTIVE CORPORATE SURETY BOND

Know all men by these presents. That we, _____ (Name of unit operator), signing as Principal, for and on behalf of the record owners of unitized substances now or hereafter covered by the unit agreement for the _____ (Name of unit), approved _____ (Date) _____ (Name and address of Surety), as Surety are jointly and severally held and firmly bound unto the United States of America in the sum of _____ (Amount of bond) Dollars, lawful money of the United States, for the use and benefit of and to be paid to the United States and any entryman or patentee of any portion of the unitized land here-tofore entered or patented with the reservation of the oil or gas deposits to the United States, for which payment, well and truly to be made, we bind ourselves, and each of us, and each of our heirs, executors, administrators, successors, and assigns by these presents.

The condition of the foregoing obligation is such, that, whereas the Secretary of the Interior on _____ (Date) approved under the provisions of the Act of February 25, 1920, 41 Stat. 437, 30 U.S.C. secs. 181 *et seq.*, as amended by the Act of August 8, 1946, 60 Stat. 950, a unit agreement for the development and operation of the _____ (Name of unit and State); and

Whereas said Principal and record owners of unitized substances, pursuant to said unit agreement, have entered into certain covenants and agreements as set forth therein, under which operations are to be conducted; and

Whereas said Principal as Unit Operator has assumed the duties and obligations of the respective owners of unitized substances as defined in said unit agreement; and

Whereas said Principal and Surety agree to remain bound in the full amount of the bond for failure to comply with the terms of the unit agreement, and the payment of rentals, minimum royalties, and royalties due under the Federal leases committed to said unit agreement; and

Whereas the Surety hereby waives any right of notice of and agrees that this bond may remain in force and effect notwithstanding;

(a) Any additions to or change in the ownership of the unitized substances herein described;

(b) Any suspension of the drilling or producing requirements or waiver, suspension, or reduction of rental or minimum royalty payments or reduction of royalties pursuant to applicable laws or regulations thereunder; and

Whereas said Principal and Surety agree to the payment of compensatory royalty under the regulations of the Interior Department

in lieu of drilling necessary offset wells in the event of drainage; and

Whereas nothing herein contained shall preclude the United States (from requiring an additional bond at any time when deemed necessary);

Now, therefore, if the said Principal shall faithfully comply with all of the provisions of the above-indentified unit agreement and with the terms of the leases committed thereto, then the above obligation is to be of no effect; otherwise to remain in full force and virtue.

Signed, sealed, and delivered this _____ day of _____, in the presence of:

Witnesses:

(Principal)

(Surety)

§ 3186.3 Model for designation of successor unit operator by working interest owners.

Designation of successor Unit Operator _____ Unit Area, County of _____, State of _____, No. _____.

This indenture, dated as of the _____ day of _____, 19____, by and between _____, hereinafter designated as "First Party," and the owners of unitized working interests, hereinafter designated as "Second Parties,"

Witnesseth: Whereas under the provisions of the Act of February 25, 1920, 41 Stat. 437, 30 U.S.C. secs. 181, *et seq.*, as amended by the Act of August 8, 1946, 60 Stat. 950, the Secretary of the Interior, on the _____ day of _____, 19____, approved a unit agreement _____ Unit Area, wherein _____ is designated as Unit Operator, and

Whereas said _____ has resigned as such Operator¹ and the designation of a successor Unit Operator is now required pursuant to the terms thereof; and

Whereas the First Party has been and hereby is designated by Second Parties as Unit Operator, and said First Party desires to assume all the rights, duties, and obligations of Unit Operator under the said unit agreement;

Now, therefore, in consideration of the premises hereinbefore set forth and the promises hereinafter stated, the First Party hereby covenants and agrees to fulfill the duties and assume the obligations of Unit Operator under and pursuant to all the terms of

¹Where the designation of a successor Unit Operator is required for any reason other than resignation, such reason shall be substituted for the one stated.

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the ____ unit agreement, and the Second Parties covenant and agree that, effective upon approval of this indenture by the (Name and Title of authorized officer, BLM) First Party shall be granted the exclusive right and privilege of exercising any and all rights and privileges as Unit Operator, pursuant to the terms and conditions of said unit agreement; said Unit agreement being hereby incorporated herein by reference and made a part hereof as fully and effectively as though said unit agreement were expressly set forth in this instrument.

In witness whereof, the parties hereto have executed this instrument as of the date hereinabove set forth.

(Witnesses)

(Witnesses)

(First Party)

(Second Party)

I hereby approve the foregoing indenture designating ____ as Unit Operator under the unit agreement for the ____ Unit Area, this ____ day of ____, 19__.

Authorized officer of the Bureau of Land Management.

[48 FR 26766, June 10, 1983. Redesignated at 48 FR 36587, Aug. 12, 1983, as amended at 51 FR 34604, Sept. 30, 1986]

§ 3186.4 Model for change in unit operator by assignment.

Change in Unit Operator ____ Unit Area, County of ____, State of ____, No. __. This indenture, dated as of the ____ day of ____, 19__, by and between ____ hereinafter designated as "First Party," and ____ hereinafter designated as "Second Party."

Witnesseth: Whereas under the provisions of the Act of February 25, 1920, 41 Stat. 437 30 U.S.C. secs. 181, *et seq.*, as amended by the Act of August 8, 1946, 60 Stat. 950, the Department of the Interior, on the ____ day of ____, 19__, approved a unit agreement for the ____ Unit Area, wherein the First Party is designated as Unit Operator; and

Whereas the First Party desires to transfer, assign, release, and quitclaim, and the Second Party desires to assume all the rights, duties and obligations of Unit Operator under the unit agreement; and

Whereas for sufficient and valuable consideration, the receipt whereof is hereby acknowledged, the First Party has transferred, conveyed, and assigned all his/its rights under certain operating agreements involving lands within the area set forth in said unit agreement unto the Second Party;

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Now, therefore, in consideration of the premises hereinbefore set forth, the First Party does hereby transfer, assign, release, and quitclaim unto Second Party all of First Party's rights, duties, and obligations as Unit Operator under said unit agreement; and

Second Party hereby accepts this assignment and hereby covenants and agrees to fulfill the duties and assume the obligations of Unit Operator under and pursuant to all the terms of said unit agreement to the full extent set forth in this assignment, effective upon approval of this indenture by the (Name and Title of authorized officer, BLM); said unit agreement being hereby incorporated herein by reference and made a part hereof as fully and effectively as though said unit agreement were expressly set forth in this instrument.

In witness whereof, the parties hereto have executed this instrument as of the date hereinabove set forth.

(Witnesses)

(Witnesses)

(First Party)

(Second Party)

I hereby approve the foregoing indenture designating ____ as Unit Operator under the unit agreement for the ____ Unit Area, this ____ day of ____, 19__.

Authorized officer of the Bureau of Land Management

PART 3190—DELEGATION OF AUTHORITY, COOPERATIVE AGREEMENTS AND CONTRACTS FOR OIL AND GAS INSPECTION

Subpart 3190—Delegation of Authority, Cooperative Agreements and Contracts for Oil and Gas Inspections: General

Sec.

- 3190.0-1 Purpose.
- 3190.0-3 Authority.
- 3190.0-4 Objective.
- 3190.0-5 Definitions.
- 3190.0-7 Cross references.
- 3190.1 Proprietary data.
- 3190.2 Recordkeeping, funding and audit.
- 3190.2-1 Recordkeeping.
- 3190.2-2 Funding.
- 3190.2-3 Audit.
- 3190.3 Sharing of civil penalties.
- 3190.4 Availability of information.

Subpart 3191—Delegation of Authority

- 3191.1 Petition for delegation.

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- 3191.1-1 Petition.
- 3191.1-2 Eligibility.
- 3191.1-3 Action upon petition.
- 3191.1-4 Public hearing on petition.
- 3191.2 Terms of delegation.
- 3191.3 Termination and reinstatement.
- 3191.3-1 Termination.
- 3191.3-2 Reinstatement.
- 3191.4 Standards of delegation.
- 3191.5 Delegation for Indian lands.
- 3191.5-1 Indian lands included in delegation.
- 3191.5-2 Indian lands withdrawn from delegation.

Subpart 3192—Cooperative Agreements

- 3192.1 What is a cooperative agreement?
- 3192.2 Who may apply for a cooperative agreement with BLM to conduct oil and gas inspections?
- 3192.3 What must a Tribe or State include in its application for a cooperative agreement?
- 3192.4 What is the term of a cooperative agreement?
- 3192.5 How do I modify a cooperative agreement?
- 3192.6 How will BLM evaluate my request for proprietary data?
- 3192.7 What must I do with Federal assistance I receive?
- 3192.8 May I subcontract activities in the agreement?
- 3192.9 What terms must a cooperative agreement contain?
- 3192.10 What costs will BLM pay?
- 3192.11 How are civil penalties shared?
- 3192.12 What activities may Tribes or States perform under cooperative agreements?
- 3192.13 What responsibilities must BLM keep?
- 3192.14 What are the requirements for Tribal or State inspectors?
- 3192.15 May cooperative agreements be terminated?
- 3192.16 How will I know if BLM intends to terminate my agreement?
- 3192.17 Can BLM reinstate cooperative agreements that have been terminated?
- 3192.18 Can I appeal a BLM decision?

AUTHORITY: 30 U.S.C. 1735 and 1751.

SOURCE: 52 FR 27182, July 17, 1987, unless otherwise noted.

Subpart 3190—Delegation of Authority, Cooperative Agreements and Contracts for Oil and Gas Inspections: General

§ 3190.0-1 Purpose.

The purpose of the part is to provide procedures for approval, implementation and administration of delegations of authority, cooperative agreements

and contracts for inspection, enforcement and investigative activities related to oil and gas production operations on Federal and Indian lands under the provisions of the Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1701 *et seq.*).

§ 3190.0-3 Authority.

The Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1701 *et seq.*).

§ 3190.0-4 Objective.

The objective of this part is to assure that delegations of authority, cooperative agreements and contracts as provided for under the Federal Oil and Gas Royalty Management Act are carried out in accordance with the provisions of the Act and this title.

§ 3190.0-5 Definitions.

As used in this part, the term:

(a) *Inspection* means the examination of oil and gas lease sites, records or motor vehicle documentation by an authorized representative of the Secretary of the Interior to determine if there is compliance with applicable regulations, Onshore Oil and Gas orders, approvals, Notices to Lessees and Operators, approvals, other written orders, the mineral leasing laws, and the Federal Oil and Gas Royalty Management Act.

(b) *Investigation* means any inquiry into any action by or on behalf of a lessee or operator of a Federal or Indian lease, or transporter of oil from such lease.

(c) *Contractor* means any individual, corporation, association, partnership, consortium or joint venture who has contracted to carry out activities under this part.

(d) *Enforcement* means action taken by an authorized representative of the Secretary in order to obtain compliance with applicable regulations, Onshore Oil and Gas Orders, Notices to Lessees and Operators, approvals, other written orders, the mineral leasing laws, and the Federal Oil and Gas Royalty Management Act.

(e) *Indian lands* means any lands or interests in lands of an Indian tribe or an Indian allottee held in trust by the United States or which is subject to

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Federal restriction against alienation, including mineral resources and mineral estates reserved to an Indian tribe or Indian allottee in the conveyance of a surface or nonmineral estate, except that such term does not include any lands subject to the provisions of section 3 of the Act of June 28, 1906 (34 Stat. 539).

(f) *Proprietary data* means information obtained from a lessee that constitutes trade secrets, or commercial or financial information that is privileged or confidential, or other information that may be withheld under the Freedom of Information Act (5 U.S.C. 552(b)).

§ 3190.0-7 Cross references.

- (a) 25 CFR 211.18; 212.24; 213.34.
- (b) 30 CFR part 229.
- (c) 43 CFR part 3160.

§ 3190.1 Proprietary data.

With regard to any data or information obtained by a State, Indian tribe or individual, whether under a delegation of authority, cooperative agreement or contract, the following applies:

(a) Proprietary data shall be made available to a State or Indian tribe pursuant to a cooperative agreement under the provisions of 30 U.S.C. 1732 if such State or Indian tribe:

(1) Consents in writing to restrict the dissemination of such information to such persons directly involved in an investigation under 30 U.S.C. 1732 who need the information to conduct the investigation;

(2) Agrees in writing to accept liability for wrongful disclosure;

(3) In the case of a State, the State demonstrates that such information is essential to the conduct of an investigation or to litigation under 30 U.S.C. 1734; and

(4) In the case of an Indian tribe, the tribe demonstrates that such information is essential to the conduct of an audit or investigation and waives sovereign immunity by express consent for wrongful disclosure.

(b)(1) Any person or State that obtains proprietary data pursuant to a delegation of authority, cooperative agreement or contract under this part is subject to the same provisions of law

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with respect to the disclosure of such information as would apply to any officer or employee of the United States.

(2) Disclosure of proprietary data obtained pursuant to a delegation of authority, cooperative agreement, or contract under this part may not be compelled under State law.

§ 3190.2 Recordkeeping, funding and audit.

§ 3190.2-1 Recordkeeping.

(a) Records and accounts relating to activities under delegations of authority, cooperative agreements or contracts shall be identified in the delegation, cooperative agreement or contract.

(b) All records and other materials relating to a delegation of authority, cooperative agreement or contract shall be maintained by the State, Indian Tribe or contractor for a period of 6 years from the date they are generated or such other period as may be specified in the delegation, cooperative agreement or contract.

§ 3190.2-2 Funding.

(a) States and Tribes shall provide adequate funding for administration and execution of activities carried out under a delegation or cooperative agreement.

(b) Reimbursement for allowable costs incurred by a State, Indian tribe or contractor as a result of activities carried out under a delegation of authority, cooperative agreement or contract shall be as negotiated, with the following limitations:

(1) Up to 100 percent for a delegation of authority; or

(2) Up to 100 percent for a cooperative agreement.

(c) Funding shall be subject to the availability of funds.

(d) States, Indian tribes or contractors shall maintain financial records relating to the funds received and expended under a delegation of authority, cooperative agreement or contract as specified in the delegation of authority, cooperative agreement or contract.

(e) Reimbursement shall be at least quarterly and only shall be made upon submission of an invoice or request for

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reimbursement to the authorized officer.

[52 FR 27182, July 17, 1987, as amended at 62 FR 49586, Sept. 22, 1997]

§ 3190.2-3 Audit.

In maintaining financial records relating to the funds received and expended under a delegation of authority, cooperative agreement, or contract, States, Indian tribes and contractors shall comply with generally accepted accounting principles and audit requirements established by the Department of the Interior and Bureau of Land Management.

§ 3190.3 Sharing of civil penalties.

Fifty percent of any civil penalty collected by the United States as a result of activities carried out by a State under a delegation of authority or a State or Indian tribe under a cooperative agreement shall be payable to that State or Indian tribe upon receipt by the United States. Such amount shall be deducted from compensation due to the State or Indian tribe by the United States under the delegation of authority or cooperative agreement.

§ 3190.4 Availability of information.

Information in the possession of the Bureau of Land Management that is necessary to carry out activities authorized by delegations of authority, cooperative agreements, or contracts entered into under this part will be provided by the BLM to the States and Indian tribes party to such agreements. Release of proprietary data shall be subject to the provisions of § 3190.1 of this part.

[56 FR 2998, Jan. 25, 1991]

Subpart 3191—Delegation of Authority

§ 3191.1 Petition for delegation.

§ 3191.1-1 Petition.

The Governor or other authorized official of any eligible State may request in writing that the Director delegate all or part of his/her authority and responsibility for inspection, enforcement and investigation on oil and gas leases on Federal lands within the

State and on Indian lands within the State where the affected Indian tribe or Indian allottee has given written permission for such inspection, enforcement and investigation. Requests by a State for delegation of other activities may be granted by the Director with the approval of the Secretary.

§ 3191.1-2 Eligibility.

Any State with producing oil or gas leases on Federal or Indian lands may request a delegation of authority.

§ 3191.1-3 Action upon petition.

Upon request for a delegation of authority, the Director shall determine if:

(a) The State has proposed an acceptable plan for carrying out the delegated activities and will provide adequate resources to achieve the purposes of 30 U.S.C. 1735. This plan shall, at a minimum:

(1) Identify specific authorities and responsibilities for which the State is requesting a delegation of authority and whether it is applicable to Federal lands only or includes Indian lands;

(2) Provide evidence of written permission of the affected Indian tribe(s) or allottee(s) for such lands;

(3) Include specifics for carrying out the delegated activities;

(4) Indicate the inspector resources for carrying out the delegated activities and documentation of inspector qualifications;

(5) Describe the proposed record keeping for funding purposes;

(6) Detail the frequency and method of payment; and

(7) Include copies of any non-Federal forms that are to be used.

(b) The State has demonstrated that it will effectively and faithfully administer the rules and regulations of the Department of the Interior in accordance with the provisions of 30 U.S.C. 1735.

(c) The delegation will be carried out in coordination with activities retained by the Bureau so that such delegation will not create an unreasonable burden on any lessee.

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§ 3191.1-4 Public hearing on petition.

Prior to the granting of any delegation of authority, the notice of proposed delegation shall be published in the FEDERAL REGISTER. The FEDERAL REGISTER notice shall provide an opportunity for a public hearing in the affected State.

§ 3191.2 Terms of delegation.

(a) Delegations shall be continuing, contingent upon available funding, providing that there is an annual finding by the Director that the provisions of the delegation and the mineral leasing laws are still being carried out and that the requirements of § 3191.1-3 (a), (b) and (c) of this title are still in effect.

(b) Authority delegated to a State under this subpart shall not be redelegated.

(c) The State regulatory authority shall maintain sufficient qualified, personnel to comply with the terms and purpose of the delegation.

(d) Inspection identification cards shall be issued by the authorized officer to all certified State inspectors for the purpose of identifying the bearer as an authorized representative of the Secretary. Identification cards remain the property of the United States.

(e) The delegation shall provide for coordination with designated offices of the Bureau of Land Management, the Minerals Management Service, and, where appropriate, the Bureau of Indian Affairs, Forest Service, and other surface management agencies.

(f) The delegation shall provide for annual program review.

(g) The delegation shall provide for annual budget and program reporting in conjunction with the Federal Budget process.

(h) The Director reserves the right to make inspections on Federal and Indian leases inspected by a State under this subpart for the purpose of evaluating the manner in which the delegation is being carried out.

(i) The Director reserves the right to act independently to carry out his/her responsibilities under the law.

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§ 3191.3 Termination and reinstatement.

§ 3191.3-1 Termination.

(a) The delegation may be terminated by mutual written consent at any time.

(b) The Director may revoke a delegation if it is determined that the State has failed to meet the minimum standards for complying with the delegated authority.

(c) Prior to any action to revoke a delegation, the Director shall notify the State in writing of the deficiencies in the program leading to such revocation.

(d) Upon notification of intent to revoke a delegation, the State shall have 30 days to respond with a plan to correct the cited deficiencies. If the Director determines that the plan of correction is acceptable, the Director shall then approve the plan and specify the timeframe within which the cited deficiencies shall be corrected.

(e) In the event the Director makes a determination to revoke a delegation of authority, the State shall be provided an opportunity for a hearing prior to final action.

§ 3191.3-2 Reinstatement.

Terminated delegations of authority may be reinstated as set out below:

(a) For a delegation terminated by mutual consent under § 3191.3-1(a) of this title, the State shall apply for reinstatement by filing a petition with the Director, who shall determine whether such reinstatement should be granted.

(b) For a delegation of authority revoked by the Director, the State shall file a petition requesting reinstatement. In applying for reinstatement, the State shall provide written evidence that it has remedied all defects for which the delegation was revoked and that it is fully capable of resuming the activities carried out under the delegation. Upon receipt of the petition, the following actions shall be taken:

(1) The authorized officer, after review of the petition, may recommend approval of the reinstatement but shall provide proof that the deficiencies have been corrected and that the State is